

**WHITE HORSE PARK  
COMMUNITY ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
MARCH 31, 2020**

**WHITE HORSE PARK COMMUNITY ASSOCIATION, INC.**

**TABLE OF CONTENTS**

	<u>Page(s)</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	3 - 4
<b>FINANCIAL STATEMENTS</b>	
Balance Sheet	5
Statement of Revenues, Expenses and Changes in Fund Balances	6
Statement of Cash Flows	7
<b>NOTES TO FINANCIAL STATEMENTS</b>	8 - 9
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budget - 2020	11 - 14



**Wigglesworth, Layton, Moyers & Chance, P.C.**

**Certified Public Accountants**

---

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
White Horse Park Community Association, Inc.  
Berlin, Maryland

We have audited the accompanying financial statements of White Horse Park Community Association, Inc., which comprise the balance sheet as of March 31, 2020, and the related statement of revenues, expenses, and changes in fund balances, and statement of cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of White Horse Park Community Association, Inc. as of March 31, 2020 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Omission of Required Supplementary Information about Future Major Repairs and Replacements***

Management has omitted information about future major repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Disclaimer of Opinion on Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Budget – 2020 on pages 11 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Wigglesworth, Layton, Moyus + Chance, P.C.*

Salisbury, MD  
June 19, 2020

**WHITE HORSE PARK COMMUNITY ASSOCIATION, INC.**  
**BALANCE SHEET**  
**MARCH 31, 2020**

<b>ASSETS</b>	<b><u>OPERATING</u></b>	<b><u>RESERVE</u></b>	<b><u>TOTAL</u></b>
<b>CURRENT ASSETS</b>			
Cash - undesignated	\$ 150,326	\$ -	\$ 150,326
Cash - designated for future repairs and replacements	-	305,014	305,014
Accounts receivable			
Assessment dues, net of allowance for doubtful accounts	9,705	-	9,705
Prepaid assets	15,912	-	15,912
Due from reserve fund	<u>1,802</u>	<u>-</u>	<u>1,802</u>
<b>TOTAL CURRENT ASSETS</b>	<b>177,745</b>	<b>305,014</b>	<b>482,759</b>
<b>PROPERTY &amp; EQUIPMENT</b>			
Buildings & improvements	1,669,653	-	1,669,653
Furniture & equipment	202,119	-	202,119
Vehicles	<u>39,281</u>	<u>-</u>	<u>39,281</u>
	1,911,053	-	1,911,053
Accumulated depreciation	<u>(863,608)</u>	<u>-</u>	<u>(863,608)</u>
<b>TOTAL PROPERTY &amp; EQUIPMENT</b>	<b><u>1,047,445</u></b>	<b><u>-</u></b>	<b><u>1,047,445</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,225,190</u></b>	<b><u>\$ 305,014</u></b>	<b><u>\$ 1,530,204</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 40,252	\$ -	\$ 40,252
Accrued salaries	2,365	-	2,365
Accrued compensated absences	1,782	-	1,782
Due to operating fund	-	1,802	1,802
Payroll liabilities	5,572	-	5,572
Prepaid assessment dues	<u>149,438</u>	<u>-</u>	<u>149,438</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>199,409</b>	<b>1,802</b>	<b>201,211</b>
<b>FUND BALANCES</b>			
Undesignated	1,025,781	-	1,025,781
Designated for future repairs and replacements	<u>-</u>	<u>303,212</u>	<u>303,212</u>
<b>TOTAL FUND BALANCES</b>	<b><u>1,025,781</u></b>	<b><u>303,212</u></b>	<b><u>1,328,993</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,225,190</u></b>	<b><u>\$ 305,014</u></b>	<b><u>\$ 1,530,204</u></b>

The accompanying notes are an integral part of the basic financial statements.

**WHITE HORSE PARK COMMUNITY ASSOCIATION, INC.**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES**  
**MARCH 31, 2020**

	<b>OPERATING</b>	<b>RESERVE</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>			
Assessment dues	\$ 456,165	\$ 55,800	\$ 511,965
Cable charges	116,250	-	116,250
Clubhouse	7,050	-	7,050
Electric charges	235,714	-	235,714
Laundry and vending machine	2,795	-	2,795
Marina	45,965	-	45,965
Miscellaneous	14,345	-	14,345
Water and sewer fees	255,308	-	255,308
	<b>1,133,592</b>	<b>55,800</b>	<b>1,189,392</b>
<b>OPERATING EXPENSES</b>			
Automobile expense	3,341	-	3,341
Bad debt expense	20,455	-	20,455
Bank service charge	378	-	378
Contracts	254,911	-	254,911
Clubhouse	4,640	-	4,640
Depreciation expense	57,914	-	57,914
Dues and subscriptions	3,254	-	3,254
Insurance	24,468	-	24,468
Miscellaneous expense	8,105	-	8,105
Office expense	11,258	-	11,258
Payroll expenses	140,692	-	140,692
Professional fees	51,313	-	51,313
Repairs and maintenance	46,484	-	46,484
Supplies	3,356	-	3,356
Utilities	604,905	-	604,905
Taxes - payroll	10,888	-	10,888
Taxes - property	3,698	-	3,698
	<b>1,250,060</b>	<b>-</b>	<b>1,250,060</b>
	<b>NET OPERATING INCOME (LOSS)</b>	<b>55,800</b>	<b>(60,668)</b>
	<b>(116,468)</b>		
<b>OTHER INCOME (EXPENSES)</b>			
Interest	79	3,021	3,100
Transfers	55,799	(55,799)	-
	<b>55,878</b>	<b>(52,778)</b>	<b>3,100</b>
	<b>NET INCOME (LOSS)</b>	<b>3,022</b>	<b>(57,568)</b>
	<b>(60,590)</b>		
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>1,086,371</b>	<b>300,190</b>	<b>1,386,561</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 1,025,781</b>	<b>\$ 303,212</b>	<b>\$ 1,328,993</b>

The accompanying notes are an integral part of the basic financial statements.

**WHITE HORSE PARK COMMUNITY ASSOCIATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**MARCH 31, 2020**

	<b>OPERATING</b>	<b>RESERVE</b>	<b>TOTAL</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income (loss)	\$ (116,468)	\$ 55,800	\$ (60,668)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	57,914	-	57,914
(Increase) decrease in current assets:			
Assessment dues	7,939	-	7,939
Prepaid expenses	8,192	-	8,192
Due from reserve fund	5,902	-	5,902
Increase (decrease) in current liabilities:			
Accounts payable	1,794	-	1,794
Accrued salaries	(1,066)	-	(1,066)
Accrued compensated absences	1,640	-	1,640
Due to operating fund	-	(5,902)	(5,902)
Payroll liabilities	67	-	67
Prepaid assessment dues	(42,097)	-	(42,097)
	(76,183)	49,898	(26,285)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers	55,799	(55,799)	-
	55,799	(55,799)	-
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	79	3,021	3,100
Purchase of property and equipment	(31,954)	-	(31,954)
	(31,875)	3,021	(28,854)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>			
<b>NET INCREASE (DECREASE) IN CASH</b>	(52,259)	(2,880)	(55,139)
<b>CASH - BEGINNING OF YEAR</b>	202,585	307,894	510,479
<b>CASH - END OF YEAR</b>	\$ 150,326	\$ 305,014	\$ 455,340

The accompanying notes are an integral part of the basic financial statements.

**WHITEHORSE PARK COMMUNITY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

White Horse Park Community Association, Inc. was formed on January 16, 1983 as a Maryland non-stock, non-profit corporation to provide services for the benefit of the lot owners of White Horse Park.

The Association is responsible for operation and maintenance of the common property within the development. The development consists of 465 lots occupying a site of approximately 7 acres located at 11647 Beauchamp Road, Berlin, MD 21811-3112 located in Worcester County, Maryland.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Association prepares its financial statements in accordance with principles generally accepted in the United States of America, in which income is recognized when earned and expenses are recognized when incurred.

**Fund Accounting**

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

**Operating Fund** – Used to account for financial resources available for the general operations of the Association.

**Reserve Fund** – Used to accumulate financial resources designated for future major repairs and replacements.

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Association considers all short-term investments with an original maturity of three months or less to be cash equivalents.

**Accounts Receivable and Allowance for Doubtful Accounts**

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Accounts receivable on the balance sheet date represent fees due from unit owners. An allowance in the amount of \$20,455 for the year ended March 31, 2020 has been established for potential uncollectible accounts receivable. Accounts receivable are considered uncollectible when management believes the receivable is impaired or collection is doubtful. The Association's policy is to retain legal counsel and place liens on the units of members whose assessments are delinquent. Because of inherent uncertainties in estimating the allowance for doubtful accounts, it is reasonably possible that estimates will change in the near term.

**Property and Equipment**

Property and equipment that are purchased or acquired with an original cost of \$1,000 or more and have a useful life greater than one year are capitalized and reported at historical cost. Depreciation for property and equipment is calculated using the straight-line method over the following estimated useful lives:

Buildings and improvements	15 – 39 years
Furniture and equipment	5 – 7 years
Vehicles	5 – 7 years

Depreciation for the year ending March 31, 2020 was \$57,914.

Expenditures for maintenance and repairs are charged to expense as incurred.



**WHITEHORSE PARK COMMUNITY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Compensated Absences**

The Association accrues accumulated unpaid vacation when earned (or estimated to be earned) by the employees, which will be paid to the employees upon separation from the Association's service. All accrued unpaid vacation is estimated to be used in subsequent years.

**Unit Owner Assessments**

The annual budget and assessments of unit owners are determined by the Board of Directors and are presented to the owners. The Association retains excess operating funds, if any for use in future operating periods.

**Interfund Activity**

Interfund activity is reported as transfers and is subject to elimination upon consolidation.

**Future Major Repairs and Replacements**

The Association's Board of Directors has not conducted a study to estimate the remaining useful lives and the replacement costs of the common property components. Therefore, the supplementary information on future major repairs and replacements has been omitted from the financial statements. The Association is funding for major repairs and replacements based on the assets insured values. Actual expenditures, however, may vary from the estimated amounts and variations may be material. Therefore, amounts designated for future repairs and replacements may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to member approval, to increase regular assessments or levy special assessments, or it may incur borrowings or delay major repairs and replacements until funds are available.

**Income Taxes**

The Association has elected to be taxed under the provisions of Section 528 of the Internal Revenue Code for the year ended March 31, 2020. This section provides that the Association is exempt from taxation on amounts received as exempt function income, such as membership dues, fees and assessments, but non-member interest is taxable.

Although the Association was not under examination at March 31, 2020 by any major taxing authority, the Association was subject to examination for tax years ending March 31, 2020, 2019, 2018 and 2017. All required federal and state tax returns were filed by the due dates as of March 31, 2020.

**NOTE 2 – CASH FLOWS DISCLOSURES**

Cash paid for interest during 2020 was \$0.

Cash paid for income taxes for 2020 was \$0.

**NOTE 3 – CONCENTRATION OF CREDIT RISK FOR CASH HELD IN BANK**

The Organization maintains cash balances at Farmers Bank of Willards. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At March 31, 2020, the Organization had \$203,745 of uninsured balance in excess of the FDIC coverage.

**NOTE 4 – SUBSEQUENT EVENTS**

The Association has examined all subsequent events through June 19, 2020, the date the financial statements were available to be issued. During this period, the Association's community property was temporarily closed for recreational purposes on April 2, 2020 due to the COVID-19 pandemic and mandatory closures of campgrounds put in place by the Governor of Maryland. The restrictions on campgrounds closures were lifted on May 7, 2020. The Association continued to collect monthly assessments from all members during this period, but the effects of the temporary closure on future financial statements are unknown as of June 19, 2020.

**REQUIRED SUPPLEMENTARY INFORMATION**

2019-2020  
Budget

<b>EXPENSES</b>		
<b>EQUIPMENT EXPENSES</b>		
Equipment Purchase		500.00
Equipment Repairs		1,000.00
Equipment Fuel		400.00
Equipment Rental		500.00
<b>Equipment Expense Total</b>	Total	<b>2,400.00</b>
<b>OPERATIONS</b>		
Computer Repairs		500.00
Licenses & Permits		500.00
Printing & Copying		3,500.00
Dues & Subscriptions		1,000.00
Drug & Alcohol Testing		100.00
Postage & Delivery		3,000.00
Telephone		4,500.00
Advertising		200.00
<b>Operations Total</b>	Total	<b>13,300.00</b>
<b>AUTOMOBILE EXPENSES</b>		
Auto Registration		250.00
Automobile Gas		2,500.00
Repairs & Maintenance		1,000.00
<b>Automobile Expenses Total</b>	Total	<b>3,750.00</b>
<b>PROFESSIONAL FEES</b>		
Accounting		5,000.00
Legal Fees		500.00
Other Professional		500.00
<b>Professional Fees Total</b>	Total	<b>6,000.00</b>
<b>REPAIRS</b>		
Boat Yard		2,000.00
Water & Sewer		9,000.00
Building		1,000.00
Grounds		4,000.00
Electrical		4,000.00
Pool		500.00
<b>Repairs Total</b>	Total	<b>20,500.00</b>





